

### Overview

Office markets throughout the country are stabilizing as economic conditions improve. Real Gross Domestic Product (GDP) increased at a 1.8% annualized rate in first quarter 2011, driven by consumption, investment and exports. While still below trend, seven consecutive quarters of GDP expansion helped support a 1.0% year-over-year increase in total nonfarm employment in March, and a net gain of 1.3 million new positions. Importantly, growth in key sectors including professional and business services (up 3.3% year-over-year by 536,000 new jobs), education and health (up 2.1% by 403,000 workers), and trade and transportation (up 0.9% by 225,100 positions) should lead to stronger demand for commercial real estate as this cycle matures.

### Rents and Vacancy

Overall office market vacancy nationwide was 17.4% at the close of first quarter 2011, edging 0.2 percentage points (pp) lower from year-ago levels. Nearly 60.0% of all markets tracked by Cushman & Wakefield reported year-over-year vacancy declines, a marked improvement compared to first quarter 2010 when a full 80.0% showed year-over-year vacancy rate increases. Mid-Atlantic and Pacific / Northwest markets showed greatest improvement, with the vast majority of cities in these areas seeing vacancy rates go down. Weakness persists, however, in New England and the Midwest where office vacancies are still rising.

Rents remain depressed throughout the country, with two-thirds of all markets recording year-over-year declines. Weighted average asking rents fell 3.1% in the past twelve months to \$24.77 per square foot (psf) overall. Some cities, however, did see significant appreciation in this time frame including Philadelphia (where overall rents increased 10.7% to \$23.63 psf), San Francisco (up 9.4% to \$33.68 psf overall) and Baltimore (up 7.3% to \$23.96 psf overall).

### Noteworthy Transactions

Information, government and professional and business services sectors were particularly active in first quarter. The largest lease closed this quarter was signed by the social-networking service provider Facebook, which committed to 1.0 million square feet (msf) in the San Francisco Peninsula market where it plans to relocate its headquarters from Palo Alto to Menlo Park. Other noteworthy information-sector transactions include Motorola Mobility's 236,444-square foot (sf) lease in Silicon Valley, Universal Music Group's 130,000-sf sublease in Los Angeles, and Turner Broadcasting's 115,000-sf deal in Atlanta.

Government moves continued to make headlines, as well, including a 640,000-sf lease signed by The Office of the Comptroller of the Currency at Constitution Center in Washington, D.C., and a 618,000-sf lease by the City of New York at Four World Trade Center. Law firms (like Alston & Bird, which took 365,419 sf in Atlanta), engineers (like Willbros, which signed for a total of 132,687 sf in Houston), and a wide variety of consultants and business support service providers (like Conservation Services Group, which leased 52,101 sf in Boston, and Integrated Asset Services, which expanded by 49,984 sf in Denver) continued to take advantage of tenant-friendly conditions over the course of the quarter.

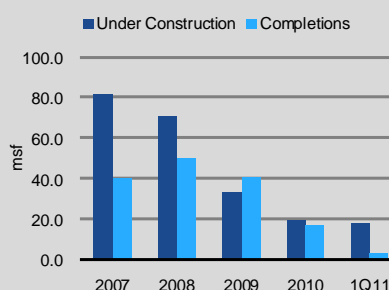
### Outlook

Increasing activity in finance, trade and manufacturing sectors bodes well for the longer-term health of U.S. office markets. In the near-term, however, look for well-capitalized companies to drive expansion as smaller firms deal with ongoing credit constraints. That said, demand is expected to pick up in coming quarters as job growth accelerates and confidence continues to improve. And, as this happens, office market vacancies should fall further and rental rates – which are at historically low levels – should gradually appreciate.

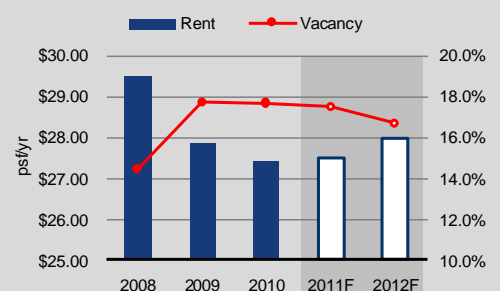
#### Stats on the Go

	1Q10	1Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	17.6%	17.4%	-0.2 pp	▼
Direct Asking Rents	\$25.62	\$25.04	-2.3%	◄►
YTD Leasing Activity (msf)	51.2	54.7	+6.7%	▲

#### Under Construction vs. Completions

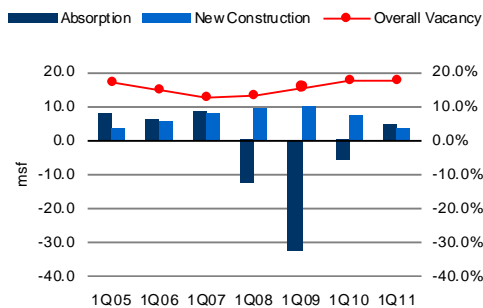


#### Overall Rental vs. Vacancy Rates



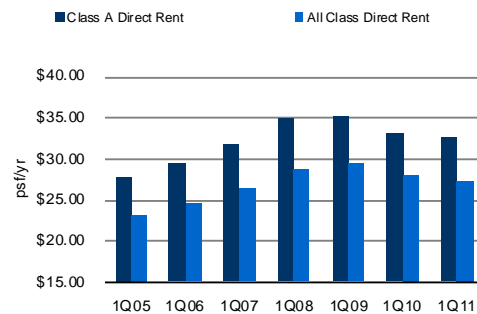
## Overall Supply and Demand

At the close of first quarter overall absorption amounted to almost 7.5 msf, with over three-quarters of this attributed to take-up of class A product. Demand was strongest in Pacific / West Coast markets (accounting for 44.4% off year-to-date absorption), followed by the Southwest (with a 37.1% share), and the Southeast (with a 10.1% share). To date almost 5.8 msf of new construction has been delivered, with the bulk of this (47.6%) coming on line in New England markets including Boston and Fairfield County, Connecticut. Mid-Atlantic markets (including Washington, D.C., Fredericksburg and Northern Virginia) had the second-highest level of deliveries (24.0%), followed by the Southwest (specifically Houston, Dallas, Denver and Tucson, with a 23.6% share), and the Midwest (with Cincinnati and Kansas City accounting for 16.8% of all new buildings delivered).



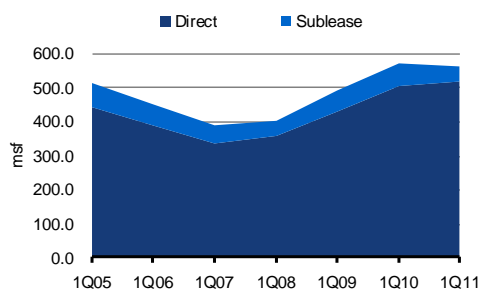
## Direct Rental Rates

Direct rental rates have fallen for the past two years, but the rate of decline appears to be slowing. At the close of first quarter class A rents for all markets tracked by Cushman & Wakefield were down 4.2% year-over-year, but they were just 1.3% lower than they were at year-end 2010. The weighted average rate for all classes was down 2.3% from first quarter 2010 to \$25.04 psf, and they were 0.8% lower than three months ago. We expect rental rate depreciation to bottom in 2011, followed by a brief period of modest overall appreciation then an accelerated uptick as markets tighten further. In the meantime, we're already seeing concessions being reigned in, with fewer months of free rent being offered and lower caps set on tenant finish packages, and this trend is likely to escalate over the next several quarters – bringing effective rents closer in-line with asking rents while providing landlords some long-awaited respite.



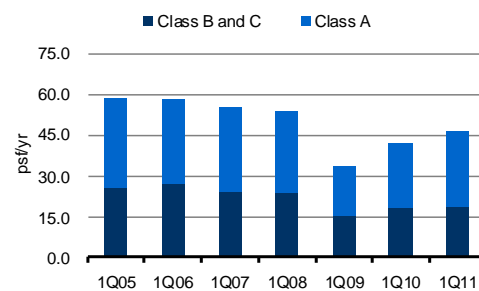
## Space Availability

Over the past year the amount of directly marketed space has increased by 1.8% (or, 12.8 msf) while the amount of space being subleased has decreased by 23.8% (or, 18.3 msf). Although class A property accounts for 48.7% of U.S. office inventory, a full 65.7% of sublease space and just 45.6% of direct space is in this property class. This time last year 67.3% of sublease space and 47.2% of direct space involved class A buildings. A number of companies have been able to trade up into newly delivered buildings, leaving high-end office space to back-fill, but that high-end space is still generating demand and its availability is becoming increasingly scarce.



## Leasing Activity

New and expansion leasing activity has picked up steadily over the past several quarters and was up 6.7% from first quarter 2010, amounting to almost 54.7 msf. This is still low by historical standards, however, and we expect to see volumes continue to increase as the economy strengthens and confidence recovers. The information sector was behind 21.8% of this activity (up 4.2% from 2010), followed by professional and business services with a 19.6% share (down 1.9% over last year), and financial activities with a 16.1% share (up 0.3% over 2010). Manufacturing (with an 11.8% share), government (11.0%), and education and health services (7.3%) were also active this quarter.



## Market/Submarket Statistics

Market / Submarket	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	YTD Overall Absorption	Overall Wtd. Avg. All Classes Gross Rental Rate*	Direct Wtd. Avg. Class A Gross Rental Rate*
Atlanta, GA	142,606,725	22.0%	20.5%	1,670,316	514,557	0	(188,308)	167,561	\$ 21.03	\$ 24.13
Austin, TX**	42,709,912	19.3%	17.8%	****	135,000	0	245,327	277,852	\$ 24.76	\$ 27.73
Baltimore, MD	61,860,271	13.5%	12.7%	377,614	1,283,443	0	14,406	270,788	\$ 23.96	\$ 26.96
Belle vue, WA**	31,815,09	16.3%	14.9%	575,573	0	165,320	216,947	282,215	\$ 26.64	\$ 29.36
Binghamton, NY**	4,611,091	8.4%	7.0%	****	****	****	****	****	\$ 10.44	\$ 11.98
Birmingham, AL**	17,350,407	15.6%	11.1%	90,292	0	0	(141,336)	(116,871)	\$ 19.00	\$ 21.24
Boston, MA	182,792,876	19.2%	17.1%	2,199,788	790,000	778,011	(1,092,660)	(865,402)	\$ 26.71	\$ 33.08
Buffalo, NY**	20,367,572	11.0%	11.0%	51,596	0	0	****	****	\$ 19.50	\$ 22.75
Charlotte, NC**	106,063,131	13.2%	12.2%	336,478	369,138	110,775	636,024	529,149	\$ 17.92	\$ 21.93
Chicago, IL	214,485,349	19.7%	17.6%	2,260,440	0	0	(1,013,283)	(752,871)	\$ 25.94	\$ 29.71
Cincinnati, OH**	35,722,438	21.9%	19.9%	****	360,000	839,038	502,475	507,045	\$ 20.50	\$ 22.84
Cleveland, OH**	14,104,540	12.5%	12.1%	526,160	0	0	(150,624)	(200,873)	\$ 16.74	\$ 21.32
Columbus, OH**	30,316,238	18.8%	17.6%	270,024	0	0	****	(38,486)	\$ 16.62	\$ 19.45
Contra Costa, CA	31,726,538	20.8%	19.6%	351,275	0	0	295,370	356,760	\$ 23.64	\$ 24.60
Dallas, TX	179,382,067	24.4%	23.0%	3,046,264	1,070,000	177,000	74,131	160,553	\$ 19.83	\$ 24.73
Denver, CO	104,036,372	16.7%	16.0%	2,683,968	929,884	151,700	409,546	517,520	\$ 20.04	\$ 24.08
Detroit, MI**	93,928,668	25.7%	24.3%	550,685	0	0	760,323	1,066,119	\$ 17.20	\$ 20.04
Downtown, NY	86,372,509	10.5%	8.9%	1,591,156	4,770,480	0	17,122	99,056	\$ 39.22	\$ 44.74
Fairfield Cnty., CT	41,244,117	19.5%	16.8%	415,755	0	353,228	82,424	52,030	\$ 33.09	\$ 35.74
Fort Myers, FL**	16,932,194	18.5%	15.7%	****	0	0	****	****	\$ 18.69	\$ 24.55
Fredericksburg, VA**	7,406,627	12.7%	12.5%	32,628	265,000	716,000	32,165	31,635	\$ 21.69	\$ 25.50
Ft. Lauderdale, FL	29,879,660	17.9%	16.4%	314,866	0	0	(124,105)	(61,343)	\$ 26.21	\$ 30.68
Hampton Roads, VA**	45,942,285	11.9%	11.6%	309,359	183,120	79,062	30,716	42,006	\$ 17.11	\$ 21.29
Hartford, CT	25,691,039	20.6%	18.9%	190,862	0	0	(22,008)	(62,040)	\$ 19.52	\$ 21.60
Houston, TX	166,867,198	15.9%	15.1%	1,213,022	1,211,221	947,818	1,057,689	1,330,116	\$ 22.54	\$ 30.22
Indianapolis, IN**	35,783,966	22.4%	21.3%	363,227	0	0	(73,086)	(68,988)	\$ 17.38	\$ 19.65
Inland Empire, CA	18,950,775	24.7%	23.2%	219,266	140,000	0	(1,389)	3,611	\$ 22.35	\$ 25.53
Jacksonville, FL	24,475,077	21.9%	21.2%	163,444	0	0	85,535	73,538	\$ 18.07	\$ 20.51
Kansas City, MO**	45,801,329	17.9%	17.4%	471,304	221,010	115,984	(106,699)	(8,520)	\$ 17.42	\$ 19.85
Las Vegas, NV**	41,714,221	23.5%	23.5%	907,528	1,243,082	0	(23,117)	(23,117)	\$ 24.00	\$ 35.52
Long Island, NY	32,041,037	19.2%	15.9%	253,952	0	0	245,860	303,751	\$ 29.15	\$ 32.67
Los Angeles, CA	19,189,798	18.8%	17.5%	3,443,507	611,434	150,000	(563,201)	(328,046)	\$ 30.21	\$ 33.79
Louisville, KY**	19,820,600	15.2%	14.9%	185,197	125,000	0	(132,296)	(132,296)	\$ 16.15	\$ 19.81
Memphis, TN**	26,246,293	15.1%	14.3%	127,345	0	0	(67,108)	(56,794)	\$ 16.60	\$ 19.61
Miami, FL	48,862,139	18.6%	17.8%	658,483	787,184	0	(144,834)	(108,465)	\$ 29.99	\$ 36.59
Midtown South, NY	65,106,961	8.0%	6.8%	988,130	0	0	7,251	187,095	\$ 43.83	\$ 56.03
Midtown, NY	24,123,1327	10.3%	8.7%	5,007,729	330,000	0	277,450	152,528	\$ 62.63	\$ 69.98
Milwaukee, WI**	28,310,931	21.4%	19.8%	205,591	0	0	277,316	71,402	\$ 19.45	\$ 22.40
Minneapolis, MN	80,506,894	19.2%	18.1%	****	150,000	0	(124,120)	49,465	\$ 22.57	\$ 27.05
Naples, FL**	8,279,382	18.1%	14.1%	****	0	0	****	****	\$ 21.11	\$ 28.87
Nashville, TN**	31,055,237	13.3%	12.0%	136,981	237,652	0	(43,247)	147,867	\$ 19.38	\$ 22.24
New Haven, CT	10,174,833	13.7%	13.5%	36,177	287,970	0	(25,924)	(16,961)	\$ 20.49	\$ 24.03
New Jersey - Central	75,998,040	21.2%	19.0%	550,484	229,057	0	4,921	(139,399)	\$ 23.06	\$ 24.55
New Jersey - Northern	107,287,793	17.1%	14.6%	1,304,443	357,000	30,000	233,658	197,552	\$ 25.62	\$ 28.97
Northern, NY	130,469,299	15.2%	13.8%	888,036	1,578,630	94,280	(267,266)	(252,375)	\$ 30.10	\$ 32.94
Oakland, CA	26,669,116	18.7%	17.4%	259,491	0	0	50,125	65,543	\$ 23.96	\$ 29.95
Oklahoma City, OK**	16,692,669	16.8%	15.4%	****	195,000	0	****	140,000	\$ 15.55	\$ 18.50
Orange Cnty., CA	83,361,486	20.0%	19.2%	1,893,173	0	0	249,461	235,054	\$ 23.56	\$ 26.70
Orlando, FL	37,664,411	21.0%	19.3%	420,311	0	102,000	3,380	62,397	\$ 20.87	\$ 23.42
Palm Beach, FL	24,986,167	22.0%	21.5%	293,953	105,475	63,000	138,572	135,348	\$ 27.16	\$ 34.85
Philadelphia, PA	131,459,119	15.4%	14.2%	1,380,596	171,000	0	(57,703)	16,086	\$ 23.63	\$ 25.78
Phoenix, AZ	76,832,416	26.9%	25.6%	790,761	533,070	0	(206,779)	(136,252)	\$ 21.45	\$ 25.13
Pittsburgh, PA**	51,402,052	20.2%	19.8%	269,310	194,628	18,000	(112,302)	20,413	\$ 19.17	\$ 22.32
Portland, OR	42,274,720	13.9%	13.1%	442,268	73,425	0	453,141	561,607	\$ 20.62	\$ 23.39
Richmond, VA**	57,395,770	11.1%	10.5%	261,487	93,341	25,268	(157,992)	(166,036)	\$ 16.49	\$ 19.21
Roanoke, VA**	12,350,791	8.6%	8.5%	23,107	0	20,000	48,927	49,927	\$ 13.73	\$ 21.49
Rochester, NY**	13,483,005	18.9%	18.9%	****	****	****	****	****	\$ 16.11	\$ 20.13
Salt Lake City, UT**	31,282,745	14.1%	13.0%	401,965	162,312	0	433,942	440,921	\$ 24.89	\$ 24.89
San Antonio, TX**	26,554,486	20.5%	17.8%	300,679	1,158,021	0	13,667	207,553	\$ 17.45	\$ 21.37
San Diego, CA	72,610,137	16.1%	15.3%	2,038,445	27,667	0	286,135	400,732	\$ 25.80	\$ 30.00
San Francisco, CA	75,516,490	14.5%	13.2%	1,025,454	0	0	65,771	365,451	\$ 33.68	\$ 38.35
San Juan, PR**	15,928,675	15.1%	15.1%	****	****	****	****	****	\$ 19.50	\$ 19.50
Savannah, GA**	3,372,190	22.6%	22.6%	****	****	****	****	****	\$ 18.82	\$ 22.17
Seattle, WA**	50,083,638	20.7%	19.2%	1,625,312	1,092,968	237,184	77,122	162,811	\$ 24.74	\$ 28.25
SF Peninsula, CA	36,270,627	13.3%	10.8%	1,970,289	0	0	306,060	596,278	\$ 29.79	\$ 32.56
Silicon Valley, CA	44,876,631	19.8%	17.7%	1,816,395	153,450	0	670,249	617,203	\$ 27.01	\$ 30.58
Southern, NH	12,486,266	21.1%	20.7%	104,127	26,424	0	(57,531)	(56,865)	\$ 17.11	\$ 21.29
St. Louis, MO**	50,002,728	20.2%	19.6%	593,453	332,567	0	(106,811)	(99,700)	\$ 18.39	\$ 21.62
St. Petersburg, FL	13,318,097	24.6%	23.6%	140,785	175,000	0	61,929	31,327	\$ 18.68	\$ 20.53
Suburban, MD	54,881,396	17.3%	16.0%	492,050	358,440	0	(80,802)	81,337	\$ 27.32	\$ 30.88
Syracuse, NY**	17,115,195	21.8%	21.0%	36,900	0	0	(93,345)	(90,417)	\$ 15.13	\$ 16.74
Tampa, FL	31,919,955	18.7%	18.3%	420,393	0	0	73,750	73,476	\$ 21.61	\$ 24.13
Tucson, AZ**	23,232,024	12.0%	11.7%	173,708	254,353	61,066	(29,374)	(27,128)	\$ 18.88	\$ 23.04
Tulsa, OK**	24,126,572	19.6%	19.3%	****	42,643	12,223	(129,560)	(129,560)	\$ 12.93	\$ 17.16
Washington, DC	104,097,924	12.6%	11.3%	2,203,820	935,106	430,900	315,197	334,769	\$ 50.29	\$ 56.22
Westchester Cnty., NY	28,379,101	16.7%	15.0%	244,719	0	0	67,290	(65,227)	\$ 29.88	\$ 30.87
<b>ALL MARKETS</b>	<b>4,415,209,864</b>	<b>17.4%</b>	<b>16.1%</b>	<b>54,591,896</b>	<b>26,019,752</b>	<b>5,677,857</b>	<b>3,856,564</b>	<b>7,471,415</b>	<b>\$ 24.77</b>	<b>\$ 25.57</b>
<b>C &amp; W Markets</b>	<b>3,191,549,753</b>	<b>17.5%</b>	<b>16.1%</b>	<b>45,766,007</b>	<b>17,599,917</b>	<b>3,277,937</b>	<b>1,830,510</b>	<b>4,653,286</b>	<b>\$ 27.34</b>	<b>\$ 32.55</b>

\* Rental Rates reflect weighted average asking \$/psf/yr.

\*\* Alliance Market

\*\*\*\* Not Available



## Market Highlights

### SIGNIFICANT 1Q11 LEASE TRANSACTIONS

BUILDING	MARKET	TENANT	SQUARE FEET	BUILDING CLASS
11-18 Network Circle	San Francisco Peninsula, CA	Facebook	1,022,099	B
400 7th Street SW	Washington, DC	US Comptroller of the Currency	640,000	A
Four World Trade Center	Downtown, NY	City of New York	618,789	A
901 Central Expressway	Dallas, TX	Fossil Inc.	535,731	C
350 Fifth Avenue	Midtown, NY	LF USA Capital, Inc	482,000	A
1140 & 1160 Enterprise Way	Silicon Valley, CA	Hewlett Packard	393,776	A
1201 West Peachtree Street	Atlanta, GA	Alston & Bird LLP	365,419	A
Sorrento Valley Rd	San Diego, CA	Federal Bureau of Investigations	248,882	A
10000 Enterprise Way	Silicon Valley, CA	Motorola Mobility	236,444	A
231 South LaSalle Street	Chicago, IL	Northern Trust Corporation	206,785	B

### SIGNIFICANT 1Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
11 Madison Avenue*	Midtown South, NY	CIM Group	1,630,115	\$469,400,000
30 Rockefeller Plaza**	Midtown, NY	NBC Universal/Comcast	1,417,777	\$440,000,000
75 Ninth Avenue	Midtown South, NY	Jamestown Properties	1,322,240	\$225,000,000
1355 Market St./875 Stevenson St.	San Francisco, CA	Shorenstein	1,105,000	\$110,000,000
300 South Riverside Plaza	Chicago, IL	David Werner JV Joseph Mizrac	1,075,766	\$190,000,000
Westheimer (3 Properties)	Houston, TX	Unilev Capital Corporation	1,062,931	\$176,000,000
11-18 Network Circle	SF Peninsula, CA	RREEF	1,022,099	\$200,000,000
950-1100 Winter St.	Boston, MA	Boston Properties	968,608	\$185,000,000
155-201 Brookline	Boston, MA	JP Morgan/Samuels & Assoc.	950,000	\$530,532,000
400 N 5th St./400 E. Van Buren St.	Phoenix, AZ	Commonwealth Properties	807,480	\$136,500,000

### SIGNIFICANT 1Q11 CONSTRUCTION COMPLETIONS

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
811 Main	Houston, TX	BG North America	947,818	1Q11
Great American Tower @ Queen City S	Cincinnati, OH	Great American Insurance Co.	805,000	1Q11
530 Atlantic Ave.	Boston, MA	Wellington Management	760,000	1Q11
Russell-Knox Building	Fredericksburg, VA	Naval Criminal Investigative Svc.	719,000	1Q11
2200 Pennsylvania Ave. NW	Washington, DC	Hunton & Williams	430,900	1Q11
One and Two Harbor Point	Fairfield Cnty., CT	Louis Dreyfus/McKinsey & Co.	353,228	1Q11
500-550 Boren Ave N	Seattle, WA	Amazon.com	237,184	1Q11
14500 Nelson Ave.	Charlotte, NC	Troy Lighting	200,000	1Q11
7100 Corporate Drive	Dallas, TX	Pizza Hut	177,000	1Q11
T-Mobile Build-to-Suit@Two Newport	Bellevue, WA	T-Mobile	165,320	1Q11

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
One World Trade Center	Downtown, NY	Vantone Industrial	3,000,000	3Q13
Four World Trade Center	Downtown, NY	Port Authority	1,770,480	4Q13
1501 McKinney	Houston, TX	Hess Corporation	853,221	3Q11
1 Deloitte	Dallas, TX	Deloitte University	750,000	2Q11
600 Brickell World Plaza	Miami, FL	N/A	614,908	3Q11
157 Berkeley Street	Boston, MA	Liberty Mutual	590,000	1Q11
333-345 Terry Ave. N.	Seattle, WA	Amazon.com	539,000	2Q11
1812 N. Moore St.	Northern, VA	N/A	524,605	3Q13
Central Park	Atlanta, GA	Cox Communications	514,557	4Q12
Red Building	Los Angeles, CA	N/A	414,994	2Q11

\* Commercial condo purchase. \*\* Sale Leaseback



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### Overview

Office markets throughout the country are stabilizing as economic conditions improve. Real Gross Domestic Product (GDP) increased at a 1.8% annualized rate in first quarter 2011, driven by consumption, investment and exports. While still below trend, seven consecutive quarters of GDP expansion helped support a 1.0% year-over-year increase in total nonfarm employment in March, and a net gain of 1.3 million new positions. Importantly, growth in key sectors including professional and business services (up 3.3% year-over-year by 536,000 new jobs), education and health (up 2.1% by 403,000 workers), and trade and transportation (up 0.9% by 225,100 positions) should lead to stronger demand for commercial real estate as this cycle matures.

### Rents and Vacancy

Overall vacancy in Cushman & Wakefield's core CBD markets averaged 14.6% at the close of first quarter 2011, ranging from a low of 8.0% in Midtown South Manhattan to a high of 29.4% in Dallas. This was 0.7 percentage points (pp) lower than it was one year ago. Nearly two-thirds of CBD markets reported a year-over-year vacancy decline, a marked improvement compared to first quarter 2010 when all but two saw vacancy rates rise. Strongest year-over-year improvement occurred in Portland (down 3.1 pp to 12.8%), Palm Beach (down 2.6 pp to 25.4%), Tampa (down 2.4 pp to 20.0%), and Midtown New York (down 2.2 pp to 12.6%).

Weighted average asking rents fell 1.6% year-over-year to \$35.85 per square foot (psf) overall. Some cities, however, did see significant appreciation in this time frame including Oakland (where overall rents increased 7.7% to \$25.56 psf overall), San Francisco (up 7.1% to \$36.24 psf overall), Washington, DC (up 6.8% to \$50.29 psf overall), and Boston (up 5.4% to \$37.97 psf overall).

### Noteworthy Transactions

Government was behind two of the largest CBD leases signed in first quarter. The Office of the Comptroller of the Currency was the biggest, taking 640,000 square feet (sf) at Constitution Center in Washington, DC, and the second-largest was the City of New York, which leased 618,000 sf at Four World Trade Center in Downtown Manhattan. Financial services and information sectors were also quite active, with firms like Lazard Freres expanding into 430,000 sf at 30 Rockefeller Plaza and Bloomberg's signing for 389,288 sf at 120 Park Avenue (both in Midtown Manhattan), Northern Trust Corporation's sublease of 206,785 sf at 231 South LaSalle Street in Chicago, and Turner Broadcasting's taking of 115,000 sf in Atlanta. Other sizeable CBD deals included Alston & Byrd (taking 365,419 sf in Atlanta), McDermott, Will & Emery (leasing 171,383 sf in Washington, DC), Bridgepoint Education (opening a new 151,331 sf office in Denver), and Hyundai Motor America (leasing 148,120 sf in Costa Mesa, California).

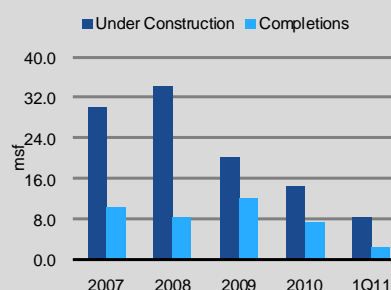
### Outlook

New and expansion leasing activity in Cushman & Wakefield's core CBD markets has steadily increased over the past four quarters, ending March 2011 at 18.2 million square feet (msf). This demand should rise further as the economy continues to strengthen and, given lack of new supply, we expect more than half of CBD markets will see rents appreciate by year's end. Concessions have already become less generous and are likely to be reigned in even further in coming periods. Look for major coastal markets with significant development constraints to be the first to realize significant rental rate movement. San Francisco, New York, Washington, DC, and Boston lead the way, but other cities like Baltimore, Houston and Chicago should also see rents edge upward over the next two years.

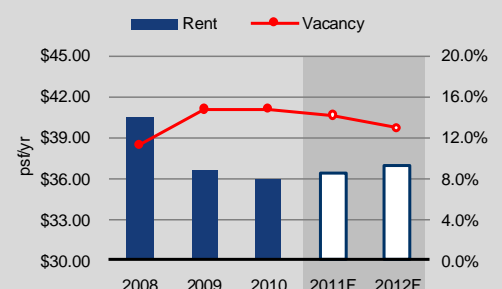
#### Stats on the Go

	1Q10	1Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	15.3%	14.6%	-0.7 pp	▼
Direct Asking Rents	\$36.77	\$35.99	-2.1%	◄►
YTD Leasing Activity (msf)	13.8	18.2	+31.8%	▲

#### Under Construction vs. Completions

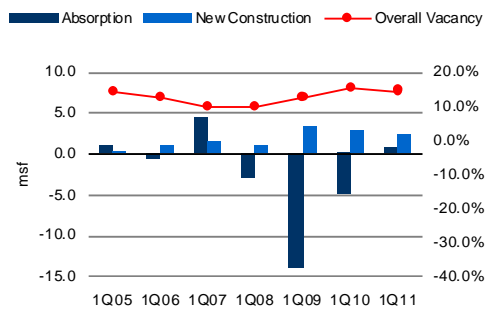


#### Overall Rental vs. Vacancy Rates



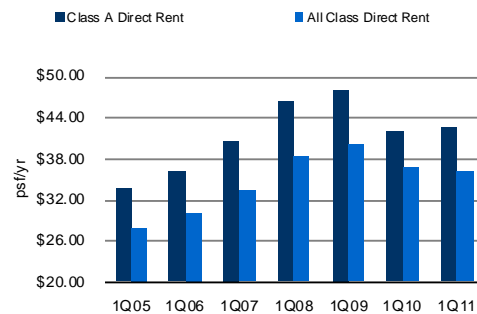
## Overall Supply and Demand

Overall absorption in Cushman & Wakefield's core CBD markets amounted to 733,161 sf, marking the second consecutive quarter of positive take-up. While still low by historical standards, it masks real demand for high-quality space. Indeed, overall absorption in class A properties totaled almost 1.8 msf. Seven of 31 core CBD markets reported absorption over 100,000 sf, including Houston, San Francisco and Washington, DC. Only three recorded negative absorption over 100,000 sf (Chicago, Boston and Stamford). With very little new construction remaining in the pipeline and leasing activity on the rise, we expect by year's end overall CBD absorption will be four times greater than the modest 2.2 msf recorded for our top markets during 2010.



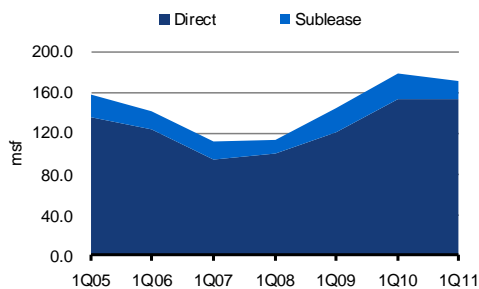
## Direct Rental Rates

Direct rental rates are down sharply from their peak but appear to be turning the corner in Cushman & Wakefield's core CBD markets. At the close of first quarter the direct weighted average of class A rents increased 0.8% year-over-year to \$42.35 psf. The weighted average direct rate for all classes was still down 2.1% from first quarter 2010, at \$35.99 psf, but it was only 0.4% lower than three months ago. With competition from deeply-discounted subleases decreasing and demand on the rise, concessions for high-quality space are being reigned in, with fewer months of free rent being offered and lower caps set on tenant finish packages. This trend is likely to escalate over the next several quarters – bringing effective rents closer in-line with asking rents while providing landlords some long-awaited respite.



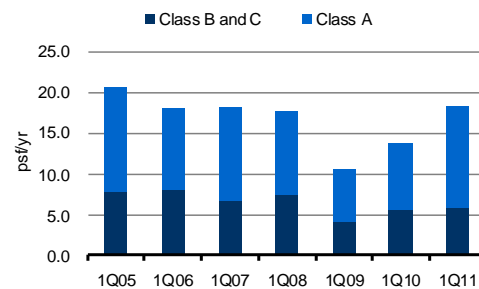
## Space Availability

Over the past year the amount of directly marketed space decreased 0.1% to just under 152.8 msf while the amount of space being subleased decreased 29.9% to 16.9 msf. More than three quarters of core CBD markets reported sublease vacancy declines, including New York, Boston, Houston, San Francisco and Los Angeles. Representative transactions include Royal Bank of Canada's 73,453-sf sublease at Three World Financial Center in Downtown Manhattan, Haight Brown & Bonesteel's 27,280-sf sublease at 555 South Flower in Los Angeles, and BTIG's 22,031-sf sublease at 600 Montgomery in San Francisco. Although class A property accounts for 58.9% of core CBD office inventory, a full 72.6% of sublease space is in this property class.



## Leasing Activity

New and expansion leasing activity of almost 18.2 msf was up 7.6% over last quarter and 31.8% greater than recorded in the first quarter of 2010. We expect volumes to continue increasing as the economy strengthens and confidence recovers. The professional and business services sector was behind 21.8% of this activity, followed by financial services with a 20.5% share, and government with a 17.6% share (down 3.1% over 2010). Representative transactions include Commerce Street Capital's 22,967-sf lease in Dallas, Mitchell International's 31,706-sf lease in San Diego, and the Metro Transit Authority's 41,628-sf lease in Los Angeles. Information (with an 14.7% share), trade, transportation and utilities (9.6%), and education and health services (7.9%) were also active this quarter.



## Market/Submarket Statistics

Market / Submarket	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	YTD Overall Absorption	Overall Wtd. Avg. All Classes Gross Rental Rate*	Direct Wtd. Avg. Class A Gross Rental Rate*
Atlanta, GA	50,027,364	23.2%	21.6%	793,023	0	0	76,084	163,539	\$24.49	\$26.57
Austin, TX**	8,561,401	16.7%	13.7%	****	135,000	0	25,450	18,666	\$33.34	\$37.39
Baltimore, MD	13,499,628	17.4%	15.3%	25,992	0	0	(75,961)	72,495	\$21.28	\$24.87
Bellevue, WA**	8,163,434	15.5%	13.6%	140,360	0	0	43,020	56,002	\$31.31	\$32.68
Binghamton, NY**	2,080,565	8.3%	8.3%	****	****	****	****	****	\$9.93	\$11.58
Birmingham, AL**	5,165,764	9.2%	8.5%	9,516	0	0	(71,233)	(63,898)	\$18.72	\$20.81
Boston, MA	60,776,193	15.1%	13.5%	664,457	590,000	778,011	(427,620)	(406,205)	\$37.97	\$45.05
Buffalo, NY**	10,379,834	13.2%	13.2%	31,000	0	0	****	****	\$17.00	\$22.00
Charlotte, NC**	22,492,698	10.9%	8.9%	67,865	0	0	515,882	414,795	\$22.79	\$24.94
Chicago, IL	12,107,599	16.4%	14.4%	1,354,797	0	0	(622,584)	(561,450)	\$31.11	\$37.55
Cincinnati, OH**	13,266,620	18.6%	15.4%	****	0	805,000	513,110	540,986	\$22.33	\$26.11
Cleveland, OH**	34,778,808	19.3%	18.6%	279,841	****	****	(235,689)	(285,560)	\$18.30	\$20.88
Columbus, OH**	9,852,630	17.4%	16.5%	88,492	****	****	****	31,201	****	\$20.54
Dallas, TX	28,580,098	29.4%	27.8%	248,143	0	0	(112,649)	(96,632)	\$19.31	\$24.29
Denver, CO	26,803,588	14.5%	13.1%	746,079	244,160	0	75,916	87,870	\$25.86	\$29.90
Detroit, MI**	25,464,152	22.5%	22.1%	19,388	0	0	539,699	588,506	\$17.93	\$22.58
Downtown, NY	86,372,509	10.5%	8.9%	1,591,156	4,770,480	0	171,122	99,056	\$39.22	\$44.74
Fairfield Cnty., CT	6,832,948	24.3%	22.0%	71,357	0	0	(120,549)	(141,620)	\$41.01	\$44.06
Ft. Lauderdale, FL	5,101,839	18.8%	17.6%	107,399	0	0	(20,139)	(15,847)	\$31.04	\$32.68
Hampton Roads, VA**	5,028,832	16.2%	16.1%	5,916	0	2,000	36,166	36,166	\$19.95	\$23.16
Hartford, CT	7,976,010	25.9%	24.8%	4,914	0	0	(2,785)	(39,391)	\$21.27	\$22.99
Houston, TX	37,022,646	15.0%	14.1%	332,995	853,221	947,818	339,656	484,666	\$28.41	\$36.68
Indianapolis, IN**	10,780,241	20.1%	19.8%	83,532	0	0	(39,589)	(41,757)	\$18.85	\$20.59
Jacksonville, FL	7,433,008	21.6%	21.3%	18,401	0	0	(63,590)	(66,122)	\$18.11	\$19.79
Kansas City, MO**	12,722,039	15.0%	14.3%	212,863	0	50,258	96,085	91,027	\$16.54	\$18.43
Las Vegas, NV**	2,066,380	17.7%	17.7%	28,757	0	0	(28,688)	(28,688)	\$25.68	\$31.44
Los Angeles, CA	27,300,591	18.0%	16.5%	436,725	0	0	(90,106)	(72,603)	\$34.24	\$35.53
Louisville, KY**	9,161,133	12.8%	12.3%	85,428	0	0	(84,382)	(84,382)	\$16.44	\$22.31
Memphis, TN**	5,270,315	14.8%	14.2%	25,452	0	0	1,648	14,993	\$16.09	\$17.39
Miami, FL	13,763,468	21.7%	20.7%	147,111	614,908	0	(82,967)	(75,616)	\$35.61	\$43.93
Midtown South, NY	65,106,961	8.0%	6.8%	988,130	0	0	7,251	187,095	\$43.83	\$56.03
Midtown, NY	24,123,1327	10.3%	8.7%	5,007,729	330,000	0	277,450	152,528	\$62.63	\$69.98
Milwaukee, WI**	10,590,410	23.5%	20.5%	57,456	0	0	190,913	(35,884)	\$21.23	\$24.41
Minneapolis, MN	35,759,222	18.9%	17.8%	****	0	0	(19,596)	25,933	\$22.25	\$27.22
Nashville, TN**	7,583,613	20.4%	19.9%	36,737	90,000	0	3,330	287,886	\$19.38	\$22.20
New Haven, CT	2,867,835	13.2%	12.9%	0	0	0	(9,904)	(9,904)	\$23.14	\$29.22
Oakland, CA	12,993,894	16.4%	15.0%	126,857	0	0	8,862	20,436	\$25.56	\$31.51
Oklahoma City, OK**	6,543,020	24.0%	22.0%	****	1,800,000	0	****	75,000	\$13.75	\$15.00
Orange Cnty., CA	36,505,646	21.8%	21.1%	1,161,051	0	0	68,440	52,483	\$25.56	\$27.64
Orlando, FL	7,233,734	19.1%	17.5%	90,588	0	102,000	25,016	29,631	\$24.43	\$26.26
Palm Beach, FL	3,154,034	22.9%	21.9%	47,316	0	0	10,840	11,591	\$36.19	\$42.09
Philadelphia, PA	43,716,633	12.5%	11.2%	401,507	0	0	65,324	41,005	\$25.91	\$27.64
Phoenix, AZ	16,471,976	22.7%	19.9%	142,928	0	0	(50,185)	(60,900)	\$21.92	\$28.89
Pittsburgh, PA**	19,950,235	18.8%	18.6%	106,066	0	0	5,404	77,597	\$20.12	\$23.08
Portland, OR	20,964,416	9.7%	8.9%	191,994	47,425	0	127,641	174,899	\$21.50	\$25.22
Richmond, VA**	11,338,027	12.8%	11.4%	23,005	0	0	67,161	42,421	\$17.94	\$25.11
Roanoke, VA**	4,057,760	9.0%	9.0%	5,002	0	0	18,291	18,291	\$15.57	\$22.50
Rochester, NY**	6,216,678	24.7%	24.7%	****	****	****	****	****	\$15.85	\$21.00
Salt Lake City, UT**	7,174,194	16.6%	14.7%	52,122	32,312	0	(8,858)	(5,858)	****	\$28.70
San Antonio, TX**	4,755,397	26.7%	24.7%	31,598	107,644	0	33,767	47,966	\$16.49	\$19.96
San Diego, CA	11,111,733	18.4%	17.8%	166,220	0	0	(7,630)	(26,460)	\$25.92	\$28.80
San Francisco, CA	49,171,836	11.9%	10.5%	776,896	0	0	63,757	354,331	\$36.24	\$39.83
San Juan, PR**	6,052,738	13.2%	13.2%	****	****	****	****	****	\$19.50	\$19.50
Savannah, GA**	1,236,797	24.6%	24.6%	****	****	****	****	****	\$18.63	\$20.20
Seattle, WA**	41,147,735	19.8%	18.3%	1,498,457	894,000	237,184	386,461	458,330	\$26.45	\$29.98
Silicon Valley, CA	6,942,804	26.6%	25.5%	87,318	0	0	(26,545)	(8,410)	\$26.41	\$32.37
St. Louis, MO**	13,670,327	32.3%	31.7%	310,152	0	0	(9,529)	(24,466)	\$16.42	\$18.94
Syracuse, NY**	6,985,429	28.6%	28.2%	0	0	0	(22,239)	(19,311)	\$15.46	\$16.84
Tampa, FL	6,380,856	17.6%	17.4%	101,154	0	0	56,578	62,550	\$20.84	\$22.78
Tucson, AZ**	4,190,468	6.5%	6.3%	16,360	254,353	0	34,389	34,389	\$17.18	\$21.80
Tulsa, OK**	8,814,636	20.9%	20.7%	****	0	0	38,184	38,184	\$11.36	\$14.50
Washington, DC	104,097,924	12.6%	11.3%	2,203,820	935,106	430,900	315,197	334,769	\$50.29	\$56.22
Westchester Cnty., NY	6,307,675	15.5%	14.0%	62,136	0	0	22,404	(40,556)	\$32.11	\$33.00
<b>ALL MARKETS</b>	<b>1,508,121,305</b>	<b>15.5%</b>	<b>14.1%</b>	<b>21,313,558</b>	<b>11,698,609</b>	<b>3,353,171</b>	<b>2,027,481</b>	<b>3,015,763</b>	<b>\$31.22</b>	<b>\$32.97</b>
<b>C&amp;W Markets</b>	<b>1,162,578,995</b>	<b>14.6%</b>	<b>13.1%</b>	<b>18,098,193</b>	<b>8,385,300</b>	<b>2,258,729</b>	<b>-21,272</b>	<b>733,161</b>	<b>\$35.85</b>	<b>\$42.35</b>

\* Rental rates reflect weighted average asking \$/psf/yr.

\*\* Alliance Market

\*\*\*\* Not Available

## Market Highlights

### SIGNIFICANT 1Q11 LEASE TRANSACTIONS

BUILDING	MARKET	TENANT	SQUARE FEET	BUILDING CLASS
400 7th Street SW	Washington, DC	US Comptroller of the Currency	640,000	A
Four World Trade Center	Downtown, NY	City of New York	618,789	A
350 Fifth Avenue	Midtown, NY	LF USA Capital, Inc	482,000	A
1201 West Peachtree Street	Atlanta, GA	Alston & Bird LLP	365,419	A
231 South LaSalle Street	Chicago, IL	Northern Trust Corporation	206,785	B
811 Main	Houston, TX	BG North America	190,127	A
1515 Arapahoe Street	Denver, CO	Bridgepoint Education	151,331	A
3200 Park Center Drive	Orange Cnty., CA	Hyundai Motor America	148,120	A
2000 Market Street	Philadelphia, PA	Marshall Dennehey Warner	131,325	A
101 Marietta Street	Atlanta, GA	Turner Broadcasting System, Inc	115,000	A

### SIGNIFICANT 1Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
11 Madison Avenue*	Midtown South, NY	CIM Group	1,630,115	\$469,400,000
30 Rockefeller Plaza**	Midtown, NY	NBC Universal/Comcast	1,417,777	\$440,000,000
75 Ninth Avenue	Midtown South, NY	Jamestown Properties	1,322,240	\$225,000,000
300 South Riverside Plaza	Chicago, IL	David Werner JV Joseph Mizrac	1,075,766	\$190,000,000
155-201 Brookline	Boston, MA	JP Morgan/Samuels & Assoc.	950,000	\$530,532,000
One Park Avenue***	Midtown, NY	Vornado Realty Trust	924,501	\$430,000,000
400 N. 5th St./400 E. Van Buren St.	Phoenix, AZ	Commonwealth Properties	807,480	\$136,500,000
701 & 801 Pennsylvania Ave. NW	Washington, DC	Wells Real Estate	679,710	\$615,000,000
1800 Larimer Street	Denver, CO	Invesco Real Estate Holdings	604,933	\$213,223,000
1330 Avenue of the Americas	Midtown, NY	RXR Realty	528,473	\$400,000,000

### SIGNIFICANT 1Q11 CONSTRUCTION COMPLETIONS

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
811 Main	Houston, TX	BG North America	947,818	1Q11
Great American Tower @ Queen City Square	Cincinnati, OH	Great American Insurance Co.	805,000	1Q11
530 Atlantic Ave.	Boston, MA	Wellington Management	760,000	1Q11
2200 Pennsylvania Ave. NW	Washington, DC	Hunton & Williams	430,900	1Q11
500-550 Boren Ave N	Seattle, WA	Amazon.com	237,184	1Q11
618 E. South St.	Orlando, FL	GAI Consultants	102,000	1Q11

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
One World Trade Center	Downtown, NY	Vantone Industrial	3,000,000	3Q13
Four World Trade Center	Downtown, NY	Port Authority	1,770,480	4Q13
1501 McKinney	Houston, TX	Hess Corporation	853,221	3Q11
600 Brickell World Plaza	Miami, FL	N/A	614,908	3Q11
157 Berkeley Street	Boston, MA	Liberty Mutual	590,000	1Q11
333-345 Terry Ave. N.	Seattle, WA	Amazon.com	539,000	2Q11
1015 Half Street SE	Washington, DC	N/A	391,923	3Q11
1000 Connecticut Ave. NW	Washington, DC	Arent Fox	364,145	3Q12
301 Boren Ave. N.	Seattle, WA	Amazon.com	355,000	4Q13
2000 16th St.	Denver, CO	DaVita	268,000	2Q12

\* Commercial condo purchase    \*\* Sale Leaseback    \*\*\* Recapitalization



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\* The market terms and definitions in this report are based on NAIOP standards. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals. © 2011 Cushman & Wakefield, Inc. All rights reserved.

# MARKETBEAT



## UNITED STATES SUBURBAN OFFICE REPORT

1Q11

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

WWW.CUSHWAKE.COM/KNOWLEDGE

### Overview

Office markets throughout the country are stabilizing as economic conditions improve. Real Gross Domestic Product (GDP) increased at a 1.8% annualized rate in first quarter 2011, driven by consumption, investment and exports. While still below trend, seven consecutive quarters of GDP expansion helped support a 1.0% year-over-year increase in total nonfarm employment in March, and a net gain of 1.3 million new positions. Importantly, growth in key sectors including professional and business services (up 3.3% year-over-year by 536,000 new jobs), education and health (up 2.1% by 403,000 workers), and trade and transportation (up 0.9% by 225,100 positions) should lead to stronger demand for commercial real estate as this cycle matures.

### Rents and Vacancy

Overall vacancy in Cushman & Wakefield's core Suburban markets averaged 19.2% at the close of first quarter 2011, ranging from a low of 12.4% in Baltimore to a high of 28.1% in Phoenix. This was 0.2 percentage points (pp) lower than it was one year ago. More than half reported year-over-year vacancy declines, a marked improvement compared to first quarter 2010 when over four-fifths saw vacancy rates rise. Strongest year-over-year improvement occurred in Portland (down 4.3 pp to 18.1%), San Francisco Peninsula (down 3.0 pp to 13.3%), Baltimore (down 2.8 pp to the lowest of all Cushman & Wakefield markets at 12.4%), and Silicon Valley (down 2.7 pp to 18.6%).

Weighted average asking rents fell 1.0% year-over-year to \$23.64 per square foot (psf) overall. Some cities, however, did see significant appreciation in this time frame including Philadelphia (where overall rents increased 14.0% to \$22.76 psf overall), Baltimore (up 11.6% to \$24.90 psf overall), Boston (up 2.3% to \$22.62 psf overall), and Northern Virginia (up 1.7% to \$29.61 psf overall).

### Noteworthy Transactions

The information services sector was especially active first quarter in Cushman & Wakefield's core Suburban markets. The largest lease closed this quarter was signed by the social-networking service provider Facebook, which committed to 1.0 million square feet (msf) in the San Francisco Peninsula market where it plans to relocate its headquarters from Palo Alto to Menlo Park. Other significant transactions attributed to this sector included Motorola Mobility (which took 236,444 square feet (sf) in the Silicon Valley market), Dreamworks (which signed for 193,000 sf in the San Francisco Peninsula market), MGM (which leased 150,000 sf in the LA West market), and MedAssets (which subleased 100,000 sf in the Dallas area).

Manufacturing companies were also on the move, with firms like watch-maker Fossil leasing 535,731 sf in Dallas, laboratory instrument specialist Illumina taking 470,010 sf in San Diego, and computer giant Hewlett-Packard signing for 393,776 sf in Silicon Valley.

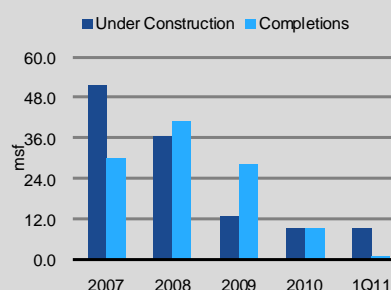
### Outlook

While the overall national suburban vacancy rate should edge lower over 2011, several areas will still be experiencing some weakness this year. Suburbs surrounding cities like Phoenix, Oakland, and Boston are still working through corporate restructuring and above-average space give-backs. However, as employment growth turns higher during the second half of this year, the stage should soon be set for marked improvement over the course of 2012 and 2013. Suburban markets near strong CBDs will recover more quickly, particularly near places like Washington, DC, New York, San Francisco, Minneapolis and Denver.

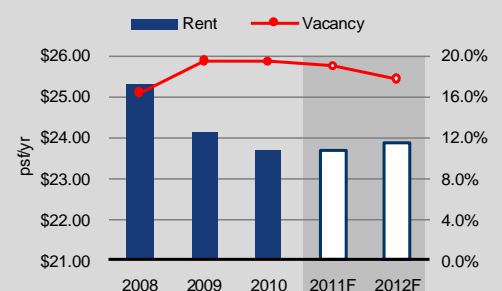
#### Stats on the Go

	1Q10	1Q11	Y-o-Y Change	12 month Forecast
Overall Vacancy	19.4%	19.2%	-0.2 pp	▼
Direct Asking Rents	\$28.03	\$27.43	-2.2%	◀▶
YTD Leasing Activity (msf)	41.6	45.8	+10.2%	▲

#### Under Construction vs. Completions

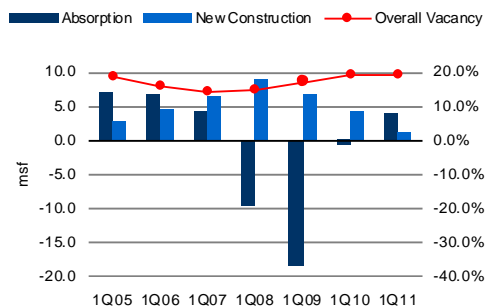


#### Overall Rental vs. Vacancy Rates



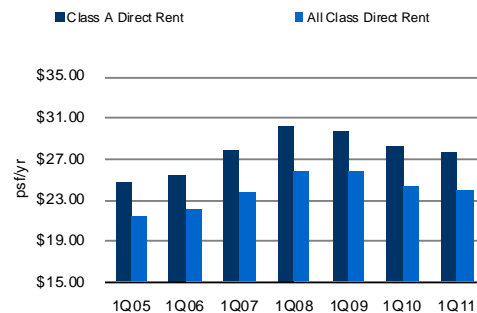
## Overall Supply and Demand

Overall absorption in Cushman & Wakefield's core Suburban markets has been positive for three consecutive quarters, and amounted to 3.9 msf at the close of March 2011 – the highest it has been since fourth quarter 2007. Two-thirds of this is attributed to take-up of class A space. As a share of total inventory, Portland had the strongest occupancy gains (amounting 1.8% of total space with 386,708 sf of positive overall absorption), followed by Silicon Valley (1.6% with 625,613 sf) and the San Francisco Peninsula (also 1.6% at 596,278 sf). With very little new construction remaining in the pipeline and leasing activity on the rise, we expect absorption rates to steadily increase over the next several quarters, working to lower vacancies and strengthen overall suburban market fundamentals.



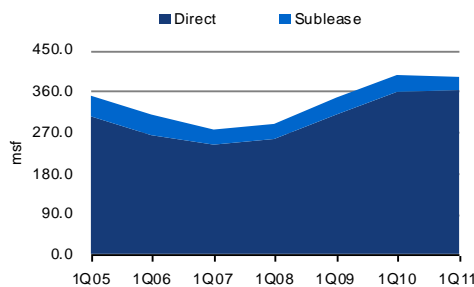
## Direct Rental Rates

Direct rental rates have fallen for the past two years but appear to be bottoming out. At the close of first quarter the direct weighted average of class A rent in Cushman & Wakefield's core Suburban markets was down 2.3% year-over-year to \$27.52 psf, but it increased 1.3% up from where it stood at year-end 2010. The weighted average rate for all classes was down 2.0% from first quarter 2010 to \$23.80 psf, while it was only 0.3% lower than three months ago. Concessions are being reigned in, with fewer months of free rent being offered and lower caps set on tenant finish packages, and this trend is likely to escalate over the next several quarters – bringing effective rents closer in-line with asking rents while providing landlords some long-awaited respite.



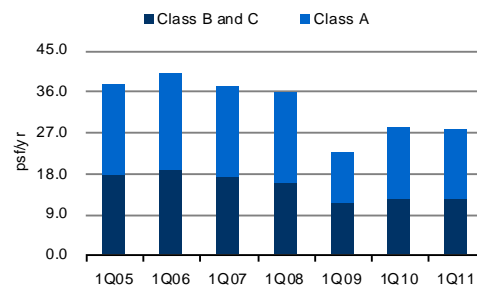
## Space Availability

Over the past year the amount of directly marketed space increased 1.0% by 3.5 msf to a total of 359.9 msf. Conversely, the amount of sublease space on the market decreased 25.2% by 10.0 msf, with just 29.8 msf now available. More than three quarters of core Suburban markets reported sublease vacancy declines, including New York, Boston, Houston, San Francisco and Los Angeles. Representative transactions include Universal Music Group's 100,000 sf sublease in the LA North market, Computer Science Corporation's 83,010-sf sublease in the suburbs surrounding Baltimore, and Atlantic Coast Media's 42,606-sf sublease in the Northern New Jersey area. Although class A property accounts for 49.8% of core Suburban office inventory, a full 66.4% of sublease space is in this property class.



## Leasing Activity

New and expansion leasing activity of almost 27.7 msf was down slightly from the 27.8 msf reported this time last year, but up significantly from the paltry 22.7 msf recorded in first quarter of 2009. First quarter leasing in the Suburbs is typically slower due to seasonal factors, however, and we expect to see volumes increase as the year wears on and the economy continues to strengthen. As it recovers. The information services sector was behind 27.6% of new transactions closed in first quarter, followed by manufacturing with a professional and business services with a 20.1% share, and professional and business services with an 17.7% share. Financial activities (with an 12.6% share), education and health services (6.7%), and government (primarily state and local – at 5.6%) were also active this quarter.



## Market/Submarket Statistics

Market / Submarket	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	YTD Overall Absorption	Overall Wtd. Avg. All Classes Gross Rental Rate*	Direct Wtd. Avg. Class A Gross Rental Rate*
Atlanta, GA	92,579,361	21.4%	19.9%	877,293	514,557	0	(264,392)	4,022	\$ 19.01	\$ 21.88
Austin, TX**	34,148,511	19.9%	18.8%	N/A	0	0	219,877	259,186	\$ 22.96	\$ 25.59
Baltimore, MD	48,360,643	12.4%	12.0%	351,622	1,283,443	0	190,367	198,293	\$ 24.90	\$ 27.50
Bellevue, WA**	23,018,075	16.6%	15.3%	435,213	0	165,320	173,927	226,213	\$ 25.15	\$ 27.60
Binghamton, NY**	2,530,526	8.4%	6.0%	****	****	****	****	****	\$ 11.27	\$ 15.48
Birmingham, AL**	12,184,643	18.4%	12.2%	80,776	0	0	(70,103)	(52,973)	\$ 19.06	\$ 21.36
Boston, MA	122,016,683	21.3%	18.8%	1,535,331	200,000	0	(665,040)	(459,197)	\$ 22.62	\$ 27.00
Buffalo, NY**	9,987,738	8.7%	8.7%	20,596	0	0	****	****	\$ 22.00	\$ 23.50
Charlotte, NC**	83,570,433	13.8%	13.1%	268,613	369,138	110,775	120,142	114,354	\$ 17.13	\$ 20.54
Chicago, IL	93,414,750	24.1%	21.7%	905,643	0	0	(390,699)	(19,142)	\$ 21.34	\$ 24.53
Cincinnati, OH**	22,455,818	23.8%	22.6%	****	360,000	34,038	(10,635)	(33,941)	\$ 19.39	\$ 21.08
Cleveland, OH**	106,269,732	10.2%	9.9%	246,319	****	****	85,065	84,687	\$ 16.04	\$ 21.66
Columbus, OH**	20,508,608	19.4%	18.1%	181,532	****	****	****	****	****	\$ 18.36
Contra Costa, CA	31,726,538	20.8%	19.6%	351,275	0	0	295,370	356,760	\$ 23.64	\$ 24.60
Dallas, TX	150,801,969	23.4%	22.1%	2,798,121	1,070,000	177,000	186,780	257,185	\$ 19.94	\$ 24.81
Denver, CO	77,232,784	17.5%	17.0%	1,937,889	685,724	151,700	333,630	429,650	\$ 18.40	\$ 21.59
Detroit, MI**	68,464,516	26.9%	25.1%	531,297	0	0	220,624	477,613	\$ 16.98	\$ 19.19
Fairfield Cnty., CT	34,411,169	18.5%	15.8%	344,398	0	353,228	202,973	193,650	\$ 31.68	\$ 34.06
Fort Myers, FL**	16,932,194	18.5%	15.7%	****	****	****	****	****	\$ 18.69	\$ 24.55
Fredericksburg, VA**	7,406,627	12.7%	12.5%	32,628	265,000	716,000	32,165	31,635	\$ 21.69	\$ 25.50
Ft. Lauderdale, FL	24,777,821	17.7%	16.2%	207,467	0	0	(103,966)	(45,496)	\$ 25.10	\$ 29.61
Hampton Roads, VA**	40,913,453	11.4%	11.0%	303,443	183,120	77,062	(5,450)	5,840	\$ 16.67	\$ 20.61
Hartford, CT	17,715,029	18.1%	16.3%	185,948	0	0	(19,223)	(22,649)	\$ 18.34	\$ 20.12
Houston, TX	129,844,552	16.2%	15.4%	880,027	358,000	0	718,033	845,450	\$ 21.42	\$ 28.63
Indianapolis, IN**	25,003,725	23.5%	21.9%	279,695	0	0	(33,497)	(27,231)	\$ 16.84	\$ 19.20
Inland Empire, CA	18,950,775	24.7%	23.2%	219,266	140,000	0	(1,389)	3,611	\$ 22.35	\$ 25.53
Jacksonville, FL	17,042,069	22.1%	21.2%	154,043	0	0	149,125	139,660	\$ 18.06	\$ 20.96
Kansas City, MO**	33,079,290	19.0%	18.6%	258,441	221,010	65,726	(202,784)	(99,547)	\$ 18.29	\$ 21.26
Las Vegas, NV**	39,647,841	23.8%	23.8%	878,771	1,243,082	0	5,571	5,571	\$ 23.76	\$ 32.88
Long Island, NY	32,041,037	19.2%	15.9%	253,952	0	0	245,860	303,751	\$ 29.15	\$ 32.67
Los Angeles, CA	164,596,207	18.9%	17.6%	3,006,782	611,434	150,000	(473,095)	(255,443)	\$ 29.53	\$ 33.37
Louisville, KY**	10,659,467	17.3%	17.0%	99,769	125,000	0	(47,914)	(47,914)	\$ 15.97	\$ 19.02
Memphis, TN**	20,975,978	15.1%	14.3%	101,893	0	0	(68,756)	(71,787)	\$ 16.59	\$ 21.31
Miami, FL	35,098,671	17.4%	16.7%	511,372	172,276	0	(61,867)	(32,849)	\$ 27.28	\$ 32.36
Milwaukee, WI**	17,720,521	20.1%	19.4%	148,135	0	0	86,403	107,286	\$ 18.20	\$ 20.98
Minneapolis, MN	44,747,672	19.5%	18.3%	****	150,000	0	(104,524)	23,532	\$ 22.87	\$ 26.87
Naples, FL**	8,279,382	18.1%	14.1%	****	****	****	****	****	\$ 21.11	\$ 28.87
Nashville, TN**	23,471,624	11.0%	9.4%	100,244	147,652	0	(46,577)	(140,019)	\$ 18.36	\$ 22.31
New Haven, CT	7,306,998	13.9%	13.7%	36,177	287,970	0	(16,020)	(7,057)	\$ 19.44	\$ 22.65
New Jersey - Central	75,998,040	21.2%	19.0%	550,484	229,057	0	4,921	(139,399)	\$ 23.06	\$ 24.55
New Jersey - Northern	107,287,793	17.1%	14.6%	1,304,443	357,000	30,000	233,658	197,552	\$ 25.62	\$ 28.97
Northern, VA	130,469,299	15.2%	13.8%	888,036	1,578,630	94,280	(267,266)	(252,375)	\$ 30.10	\$ 32.94
Oakland, CA	13,675,222	20.8%	19.7%	132,634	0	0	41,263	45,107	\$ 22.45	\$ 27.46
Oklahoma City, OK**	10,149,649	12.1%	11.1%	****	150,000	0	****	65,000	\$ 16.00	\$ 19.50
Orange Cnty., CA	46,855,840	18.7%	17.7%	732,122	0	0	18,1021	182,571	\$ 21.93	\$ 25.20
Orlando, FL	30,430,677	21.5%	19.7%	329,723	0	0	(21,636)	32,766	\$ 20.15	\$ 22.52
Palm Beach, FL	2,183,133	21.9%	21.4%	246,637	105,475	63,000	127,732	123,757	\$ 25.80	\$ 33.31
Philadelphia, PA	87,742,486	16.9%	15.7%	979,089	171,000	0	(123,027)	(24,919)	\$ 22.76	\$ 24.93
Phoenix, AZ	60,360,440	28.1%	27.1%	647,833	533,070	0	(156,594)	(67,352)	\$ 21.35	\$ 24.53
Pittsburgh, PA**	3,145,1817	21.0%	20.6%	163,244	194,628	18,000	(17,706)	(57,184)	\$ 18.22	\$ 21.55
Portland, OR	21,310,304	18.1%	17.3%	250,274	26,000	0	325,500	386,708	\$ 20.18	\$ 22.90
Richmond, VA**	46,057,743	10.7%	10.3%	238,482	93,341	25,268	(225,153)	(208,457)	\$ 16.12	\$ 18.35
Roanoke, VA**	8,293,031	8.4%	8.2%	18,105	0	20,000	30,636	31,636	\$ 12.98	\$ 16.25
Rochester, NY**	7,266,327	13.9%	13.9%	****	****	****	****	****	\$ 17.08	\$ 19.25
Salt Lake City, UT**	24,108,551	13.4%	12.5%	349,843	130,000	0	442,800	446,779	****	\$ 23.01
San Antonio, TX**	21,799,089	19.1%	16.3%	269,081	1,050,377	0	97,900	159,587	\$ 17.75	\$ 21.84
San Diego, CA	61,498,404	15.7%	14.8%	1,872,225	27,667	0	293,765	427,192	\$ 25.80	\$ 30.36
San Francisco, CA	26,344,654	19.4%	18.4%	248,558	0	0	2,014	11,120	\$ 26.64	\$ 29.48
San Juan, PR**	9,875,937	16.2%	16.2%	****	****	****	****	****	\$ 19.50	\$ 19.50
Savannah, GA**	2,135,393	21.4%	21.4%	****	****	****	****	****	\$ 18.86	\$ 22.66
Seattle, WA**	8,935,903	24.5%	23.4%	126,855	198,968	0	(309,339)	(295,519)	\$ 19.69	\$ 21.75
SF Peninsula, CA	36,270,627	13.3%	10.8%	1,970,289	0	0	306,060	596,278	\$ 29.79	\$ 32.56
Silicon Valley, CA	37,933,827	18.6%	16.3%	1,729,077	153,450	0	696,794	625,613	\$ 27.18	\$ 30.20
Southern, NH	12,486,266	21.1%	20.7%	104,127	26,424	0	(57,531)	(56,865)	\$ 19.41	\$ 20.61
St. Louis, MO**	36,332,401	15.7%	15.0%	283,301	332,567	0	(97,282)	(75,234)	\$ 19.71	\$ 23.39
St. Petersburg, FL	13,318,097	24.6%	23.6%	140,785	175,000	0	61,929	31,327	\$ 18.68	\$ 20.53
Suburban, MD	54,881,396	17.3%	16.0%	492,050	358,440	0	(80,802)	81,337	\$ 27.32	\$ 30.88
Syracuse, NY**	10,129,766	17.1%	16.1%	36,900	0	0	(71,106)	(71,106)	\$ 14.81	\$ 16.70
Tampa, FL	25,539,099	18.9%	18.5%	319,239	0	0	17,172	10,926	\$ 21.79	\$ 24.51
Tucson, AZ**	19,041,556	13.3%	12.8%	157,348	0	61,066	(63,763)	(61,517)	\$ 19.09	\$ 23.42
Tulsa, OK**	15,311,936	18.8%	18.8%	****	42,643	12,223	(167,744)	(167,744)	\$ 13.27	\$ 17.47
Westchester Cnty., NY	22,071,426	17.1%	15.3%	182,583	0	0	44,886	(24,671)	\$ 29.32	\$ 30.35
<b>ALL MARKETS</b>	<b>2,907,088,559</b>	<b>18.4%</b>	<b>17.1%</b>	<b>33,278,338</b>	<b>14,321,143</b>	<b>2,324,686</b>	<b>1,829,083</b>	<b>4,455,652</b>	<b>\$ 21.96</b>	<b>\$ 21.72</b>
<b>C&amp;W Markets</b>	<b>2,028,970,758</b>	<b>19.2%</b>	<b>17.7%</b>	<b>27,667,814</b>	<b>9,214,617</b>	<b>1,019,208</b>	<b>1,851,782</b>	<b>3,920,125</b>	<b>\$ 23.64</b>	<b>\$ 27.52</b>

\* Rental rates reflect weighted average asking \$/psf/yr.

\*\* Alliance Market

\*\*\* Not Available

## Market Highlights

### SIGNIFICANT 1Q11 LEASE TRANSACTIONS

BUILDING	MARKET	TENANT	SQUARE FEET	BUILDING CLASS
11-18 Network Circle	San Francisco Peninsula, CA	Facebook	1,022,099	B
901 Central Expressway	Dallas, TX	Fossil Inc.	535,731	C
1140 & 1160 Enterprise Way	Silicon Valley, CA	Hewlett Packard	393,776	A
Sorrento Valley Rd	San Diego, CA	Federal Bureau of Investigations	248,882	A
10000 Enterprise Way	Silicon Valley, CA	Motorola Mobility	236,444	A
1400 Seaport Boulevard	San Francisco Peninsula, CA	DreamWorks	193,000	A
499 Washington Boulevard	New Jersey - Northern	Fidelity Real Estate Company	185,440	A
7930, 8008 & 8010 Frost Street	San Diego, CA	Sharp Healthcare	160,389	B
6301 Owensmouth	Los Angeles, CA	Universal Music Group	130,000	A
395 Page Mill Road	San Francisco Peninsula, CA	Playdom (Disney)	117,712	A

### SIGNIFICANT 1Q11 SALE TRANSACTIONS

BUILDING	MARKET	BUYER	SQUARE FEET	PURCHASE PRICE
1355 Market St. / 875 Stevenson St.	San Francisco, CA	Shorenstein	1,105,000	\$110,000,000
Westheimer (3 Properties)	Houston, TX	Unilev Capital Corporation	1,062,931	\$176,000,000
11-18 Network Circle	SF Peninsula, CA	RREEF	1,022,099	\$200,000,000
950-1100 Winter St.	Boston, MA	Boston Properties	968,608	\$185,000,000
8750 North Central Expressway	Dallas, TX	Cornerstone RE Advisors	671,318	\$64,400,000
12121-12181 Bluff Creek Drive	Los Angeles, CA	Horizon PH Office Holdings	488,000	\$270,000,000
580 WestLake Park Boulevard	Houston, TX	KBS RE Investment Trust	381,327	\$81,000,000
2300 Empire Avenue	Los Angeles, CA	Walton Street Capital	343,729	\$45,000,000
389-399 Interpace Parkway	New Jersey - Northern	Northwestern Mutual Life	340,000	\$63,000,000
4 Gateway Center	New Jersey - Northern	David Werner Real Estate	322,877	\$81,575,000

### SIGNIFICANT 1Q11 CONSTRUCTION COMPLETIONS

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Russell-Knox Building	Fredericksburg, VA	Naval Criminal Investigative Svc.	719,000	1Q11
One and Two Harbor Point	Fairfield Cnty., CT	Louis Dreyfus/McKinsey & Co.	353,228	1Q11
14500 Nelson Ave.	Charlotte, NC	Troy Lighting	200,000	1Q11
7100 Corporate Drive	Dallas, TX	Pizza Hut	177,000	1Q11
T-Mobile Build-to-Suit@Two Newport	Bellevue, WA	T-Mobile	165,320	1Q11
13100 East Colfax	Denver, CO	Children's Hospital	151,700	1Q11
265 N. Beverly Drive	Los Angeles, CA	MGM	150,000	1Q11
The Gibson Building	Kansas City, MO	Northwestern Mutual Insurance	65,726	1Q11
Abacoa Town Center	Palm Beach, FL	Wackenhut	63,000	1Q11
2015 West River	Tucson, AZ	Sundt Construction	47,500	1Q11

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	MARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
1 Deloitte	Dallas, TX	Deloitte University	750,000	2Q11
1812 N. Moore St.	Northern, VA	N/A	524,605	3Q13
Central Park	Atlanta, GA	Cox Communications	514,557	4Q12
Red Building	Los Angeles, CA	N/A	414,994	2Q11
North Bethesda Center - Bldg. 1	Suburban, MD	Nuclear Regulatory Commission	358,440	4Q12
765 N. Randolph St.	Northern, VA	DARPA	355,530	1Q12
Metro Park VI	Northern, VA	Tauri Group	325,419	4Q11
180 Park Avenue	New Jersey - Northern	BASF	325,000	2Q12
Encana Build-to-Suit	Dallas, TX	Encana Oil & Gas	320,000	3Q12
800 N. Glebe Rd.	Northern, VA	N/A	273,146	1Q12
55 Corporate Drive	New Jersey - Central	Sanofi-Aventis	204,057	4Q11



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